



DRAFT 3/19/16

FINANCE 367

INVESTMENTS

UNIVERSITY OF TEXAS STUDY ABROAD PROGRAM AT

THE LONDON SCHOOL OF ECONOMICS

SUMMER 2016

Professors	Andres Almazan and Ken Wiles
Office	TBA
Office Hours	TBA
Phone	
E-Mail	andres.almazan@mcombs.utexas.edu and Ken.Wiles@mcombs.utexas.edu
Course Web Page	via Canvas

Course Objectives

This course provides a survey in the field of Investments.

The course focuses on the application of financial theory to the issues and problems of investment management. Topics will include the basics of portfolio optimization and asset allocation and consider the theory of equity, bond and derivative pricing, and its implications for security valuation and financial risk management.

The objective of this course is to provide a framework for financial decisions related to investments. These decisions are relevant for, institutional investors (pension, mutual, and hedge funds), corporate treasurers, and individuals who seeks to use or understand domestic or international investing.

Prerequisites

Finance 367 is a Restricted Course for students who are currently enrolled in a major program in the College of Business and Administration. Note that several prerequisites apply for this course and are published in the Course Schedule. Prior completion of Finance 357 or Finance 357 H, Statistics 371G or Statistics 371 H are among these requirements. In addition, proficiency in mathematics and spreadsheet packages is assumed. Students who are uncertain about whether they satisfy these requirements should notify the instructor.

Text and Materials

Required

Textbook: Bodie, Kane & Marcus, *Investments*, 2014, 10/e, McGraw-Hill, ISBN 9781259162329

- Lecture slides will be available online on the UT Canvas system.
- Additional readings may be made available as handouts. (If you miss the handouts then it is your responsibility to make copies from another student).

- Check the canvas site frequently for course updates.

Materials

- **Lecture Notes and Class Handouts.** Available on Canvas as the class develops.
- Financial calculator, the HP10 BII+ is recommended

Strongly Recommended: Bloomberg.com, WSJ, Financial Times, The Economist, or some other Financial News source

Course Requirements and Grading

The grade in the course will be determined as follows:

Homework	10%
Paper	10%
Exams (4 at 20% each)	80%

Description of Requirements:

Homework

Online problem sets are assigned through McGraw-Hill's Connect system. You will need to establish a Connect account:

1. Go to http://connect.mcgraw-hill.com/class/b_hadaway_london_lse
2. Click on the "register now" button. If you have trouble with registration, please contact Customer Support at <http://mpss.mhhe.com/>.

Homework assignments are based on completion. Please note that while they are not graded you are expected to make a good faith effort to answer the questions. This is especially important since they will serve as examples of exam questions.

Paper

One of the most debated issues in finance is the issue of market efficiency. The Efficient Market Hypothesis, its forms and implications and research efforts to test the hypothesis are discussed in chapter eleven. Challenges to the EMH, specifically the foundations of behavioral finance and technical analysis are presented in chapter twelve. Your task after reading these chapters and doing some additional research is to write a 3-5 page paper (including references) stating your position regarding the debate. This is an independent assignment and is due Friday June 24 at 5 p.m. London time.

Exams

Four exams worth 20% each will be given during the course. They will be a combination of free response (problems, short answer, discussion) and multiple choice.

Grading policies

Grading policies in this course are governed by the guidelines suggested by the UPO. Please see below.

Recommended average GPA in undergraduate courses is:

3.0-3.2 in core courses taken by McCombs students and in Business Foundations Program courses

3.2-3.4 in courses taken by all students in a particular major

3.4-3.6 in elective courses and capstone courses

In addition, the historical cut off for +/- letter grades has been as follows.

A : 92.0 and above	A- : 90.0 - 91.9	B+ : 87.0 - 89.9	B : 82.0 - 86.9
B- : 80.0 - 81.9	C+ : 77.0 - 79.9	C : 72.0 - 76.9	C- : 70.0 - 71.9
D+ : 67.0 - 69.9	D : 62.0 - 66.9	D- : 60.0 - 61.9	F : below 60.0

University, McCombs and Classroom Policies

Academic Dishonesty

Please read: http://deanofstudents.utexas.edu/sjs/scholdis_plagiarism.php
and <http://www.yale.edu/bass/writing/sources/plagiarism/what.html>.

The responsibilities for both students and faculty with regard to the Honor System are described at <http://mba.mcombs.utexas.edu/students/academics/honor/index.asp> and http://deanofstudents.utexas.edu/sjs/acint_student.php. As the instructors for this course, we agree to observe all the faculty responsibilities described therein. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask for clarification.

Any individual assignment should be completed individually without help from others.
Group *preparation* for examinations is acceptable and encouraged.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the [Student Services Building](#). [Information on how to register](#), [downloadable forms](#), including [guidelines for documentation](#), accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via [e-mail](#) if you have any questions.

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas BBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects. Please be on time, be prepared to actively contribute and avoid class disruptions.

Classroom Policies

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students are fully prepared for each class.** Much of the learning takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Laptops may be used for note taking or for in class activities as needed.**
- **Phones and wireless devices are either off or on silent mode.**

- **If caught surfing the web, responding to e-mail, text messaging , or otherwise not devoting your full attention to the topic at hand you will be sent to the TOWER (not the UT tower).**

Class Schedule & Assigned Readings

The course consists of 12 class days divided into two sessions each (morning 9:30-11:30 and afternoon 12:30-2:30) with an hour in between for lunch. A short break will be given in each session. Company visits are scheduled for two of the afternoon sessions and are subject to change depending on host availability.

Wiles (June 20-28)

Mon. 20	Morning: Chapters 1-2 Afternoon: Chapter 3, and Paper preparation (overview of 11-12)
Tues. 21	Morning: Chapters 3-4 Afternoon: Chapter 5 and review
Wed. 22	Morning: Exam 1 (chapters 1-5) Afternoon: Company visit
Thur. 23	Morning: Chapters 6-7 Afternoon: Chapters 7-8
Fri. 24	Study day: paper due electronically at 5 p.m. London time.
Mon. 27	Morning: Chapters 8-9 Afternoon: Chapters 9 & 18
Tues. 28	Morning: Wrap-up and review Afternoon: Exam II (chapters 6-9 & 18)

Almazan (June 29-July 7)

Wed. 29	Morning: Chapter 14 Afternoon: Chapter 15
Thur. 30	Morning: Chapter 16 Afternoon: Chapter 17
Fri. 1	Study day
Mon. 4	Morning: Chapter 20 Afternoon: Chapter 21
Tues. 5	Morning: Exam III (Chapters 14-17)

Afternoon: **Company visit II**

Wed. 6

Morning: Chapter 22

Afternoon: Chapter 23

Thur. 7

Morning: Wrap-up and Review

Afternoon: **Exam IV (Chapters 20-23)**